



DEPARTMENT OF CONSERVATION
AND RECREATION

STATUS OF CORRECTIVE ACTIONS
FROM PRIOR RECOMMENDATIONS

AS OF FEBRUARY 3, 2017

Auditor of Public Accounts
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AUDIT SUMMARY

Our audit of the Department of Conservation and Recreation's (DCR) February 3, 2017, Corrective Action Status found:

- DCR accurately reported the status of its corrective actions resulting from the 93 recommendations identified in the prior audit report titled [Special Review of the Department of Conservation and Recreation](#) issued in June 2014;
- Of the 93 recommendations, DCR reported 81, or 87 percent, as complete with the remainder reported as work in-progress; and
- DCR continues to make progress in implementing the remaining 12 recommendations.

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INTRODUCTION

Previous Review

On January 28, 2014, the Virginia Senate Finance Committee requested that the Auditor of Public Accounts (APA) initiate a special review of DCR. On February 12, 2014, the APA met with DCR's management and at that time, agency management indicated that they had significant concerns over internal controls and compliance agency-wide. Based on the Committee's request and management's concerns, the APA conducted a special review of DCR, which resulted in 93 recommendations to management across a variety of different business areas and agency functions.



Objective and Scope

The objective of this audit was to evaluate the accuracy of DCR's reporting of the status of its corrective actions resulting from the 93 recommendations identified in the prior audit report titled "Special Review of the Department of Conservation and Recreation," issued in June 2014.

Methodology

From the corrective action status reported by DCR resulting from prior recommendations, we first tested the status of certain key recommendations followed by a representative sample of the remaining recommendations to determine whether DCR accurately determined and reported the status of its corrective actions. For each status tested, our audit procedures included inquiries of appropriate personnel, inspection of selected documents and records, and observation of DCR's operations. We reviewed selected policies, processes, and procedures put in place since June 2014. Where applicable, we compared DCR's policies to best practices and Commonwealth standards. We believe that our audit approach provides a reasonable basis for our conclusion on DCR's status of its corrective actions.

Results

Our audit found that DCR accurately reported the status of the corrective actions for the recommendations tested. The DCR's corrective action status for each of the 93 recommendations are listed on the next three pages using the same order in the 2014 report. We used  to represent that corrective action is complete and  to indicate those recommendations that DCR considers its corrective actions to be in-progress as of February 3, 2017. For recommendations that are in-progress, please refer to DCR's response at the end of this report or contact DCR directly for additional information.

CORRECTIVE ACTION STATUS OF RECOMMENDATIONS

| Recommendation Title | Status |
|---|--------|
| Define Fiscal Governance Structure | ✓ |
| Develop Policies and Procedures Defining Payroll Service Bureau Agreement | ⌚ |
| Ensure Compliance with the PSB Scope of Services Agreement | ⌚ |
| Promptly Delete Terminated Employee CIPPS Access | ✓ |
| Improve Payroll Pre-Certification Process | ✓ |
| Develop Payroll Post-Certification Process | ✓ |
| Assign a Backup Payroll Security Officer | ✓ |
| Submit Financial Reporting Attachments Timely | ✓ |
| Improve Controls over Financial Reporting Attachment Submission and Reduce Resubmissions | ✓ |
| Ensure Financial Reporting Attachment Submissions are Correct | ✓ |
| Develop Policies and Procedures over Financial Reporting Attachment Submission | ✓ |
| Improve Controls over ARMICS Certifications to Comptroller | ✓ |
| Ensure ARMICS Documentation is Accurate | ✓ |
| Complete ARMICS Requirements | ✓ |
| Update CARS Reconciliation Policies and Procedures | ✓ |
| Reconcile CARS Accounts Timely | ⌚ |
| Discontinue CARS Certifications to Comptroller if the Reconciliation is Incomplete | ⌚ |
| Update Fixed Asset Policies and Procedures | ✓ |
| Transfer Construction in Progress Accounts to Fixed Asset Accounts | ⌚ |
| Record Assets Properly in FAACS | ⌚ |
| Submit Sales Tax Returns and Tax Payments to the Virginia Department of Taxation | ✓ |
| Record Sales Tax Collections Properly in the Commonwealth Accounting and Reporting System | ⌚ |
| Update Accounts Payable Policies and Procedures | ✓ |
| Ensure Payments are made in Compliance with Prompt Payment Requirements | ✓ |
| Ensure all Payments from the Chesapeake Bay Restoration Fund are Allowable to the Fund | ✓ |
| Report all Chesapeake Bay Restoration Fund Activity to the Division of Legislative Services | ✓ |
| Repay Treasury Loans to the Commonwealth's Comptroller Timely | ✓ |
| Respond Promptly to Inquiries from the Commonwealth's Comptroller | ✓ |
| Implement Corrective Actions to Satisfy the November 23, 2013, FEMA Review | ✓ |

| Recommendation Title | Status |
|--|--------|
| Properly Reconcile Land Preservation Tax Credit Payments | ✓ |
| Retrain Staff on New Accounting Structure and Test Controls | ✓ |
| Limit Agency Transactions to Justifiable Business Reasons | ✓ |
| Develop and Implement Leasing Agreements for Employee Housing | ✓ |
| Procure Leased Housing through Department of General Services | ✓ |
| Maintain Documentation to Justify Reduced Employee Lodging Rates | ✓ |
| Maintain Documentation for State Park Housing and Report Value to Internal Revenue Service | ✓ |
| Maintain Documentation for Off-State Park Housing and Report Amounts to Internal Revenue Service as Required | ✓ |
| Ensure Employee Lodging Rates Agree with DCR Policies | ✓ |
| Maintain Residential Fee Deduction Authorization Forms for Required Employees | ✓ |
| Inspect State Park Housing and Maintain Records | ✓ |
| Transfer State Parks Special Project Fund to the Treasurer of Virginia | ✓ |
| Implement Controls to Report State Park Project Fund Vendor Payments | ✓ |
| Implement Controls to Ensure State Park Project Fund Payments are Properly Supported | ✓ |
| Provide Documentation of Losses on State Property to State Treasury Division of Risk Management Timely | ✓ |
| Use Agency Risk Management Function for All Loss Claims | ✓ |
| Update Small Purchase Charge Card Policies | ✓ |
| Dedicate Necessary Resources to Monitoring Small Purchase Charge Card Program | ⌚ |
| Discontinue Use of Small Purchase Charge Cards for Routine Travel | ✓ |
| Reevaluate the Number of Small Purchase Charge Cards Issued | ✓ |
| Ensure Small Purchase Charge Cards are not Used to Circumvent Procurement Procedures | ⌚ |
| Reevaluate the Number of Small Purchase Charge Card Groups | ✓ |
| Ensure Small Purchase Charge Card Supervisors are Adequately Trained | ✓ |
| Ensure Small Purchase Charge Cards are Restricted for Use at Vendors that Accept Credit Cards | ✓ |
| Maintain Itemized Receipts for Small Purchase Charge Card Purchases | ✓ |
| Ensure IT Procurements are not Completed with Small Purchase Charge Cards | ✓ |
| Maintain Supporting Documentation for All Small Purchase Charge Card Purchases | ✓ |
| Ensure Small Purchase Charge Card Payments Include Documentation of a Business Justification | ✓ |
| Implement Controls to Ensure Small Purchase Charge Cards are Not Used for Personal Purchases | ✓ |
| Ensure Unallowable Hotel Cancellation Fees are Not Paid on Small Purchase Charge Cards | ✓ |

| Recommendation Title | Status |
|---|--------|
| Ensure Employees are Not Using Split Purchases to Circumvent Procurement Controls | ✓ |
| Update and Improve Travel Policies and Procedures | ✓ |
| Develop Travel Card Policies and Procedures | ✓ |
| Update Agency Vehicle Management Policies | ✓ |
| Develop Policies and Procedures for the Commuter Choice Program | ✓ |
| Ensure Travel Reimbursement Vouchers are Accurate and Complete | ✓ |
| Ensure Commuter Choice Invoices are Reconciled | ✓ |
| Ensure Commuter Choice Invoices are Promptly Paid | ✓ |
| Ensure Change Orders are Properly Approved | ✓ |
| Maintain All Required Procurement Documentation | ✓ |
| Enforce Contract Provisions | ✓ |
| Ensure Proposal Evaluation Committees Properly Document Procurement Decisions | ✓ |
| Restrict the Use of Request for Proposal to Appropriate Situations | ✓ |
| Maintain Required Documentation Justifying Use of Competitive Negotiation | ✓ |
| Correct Procurement Issues Identified by the Department of General Services | ⌚ |
| Update IT Risk Assessment to Comply with VITA Standards | ✓ |
| Develop Comprehensive Business Impact Analysis | ✓ |
| Complete Agency Continuity Plan | ✓ |
| Document IT Backup and Recovery Policies | ✓ |
| Ensure IDSS User Access Forms are Used Consistently | ✓ |
| Implement Periodic Review of User Access to IDSS | ✓ |
| Ensure Internal Auditor is Not Performing IT Management Functions | ✓ |
| Perform IT Security Audit of the AgBMP System | ✓ |
| Update Information Technology Policies | ✓ |
| Require eVA Security Officer to Obtain Security Training | ✓ |
| Promptly Deactivate Access for Separated Employees | ✓ |
| Remove eVA Access for Inactive Employees | ✓ |
| Update eVA Security Plan | ✓ |
| Maintain Signed eVA Acceptable Use Agreement for all eVA Users | ✓ |
| Update Human Resource Policies and Procedures | ✓ |
| Complete Employee Performance Evaluations Timely | ⌚ |
| Complete Employee Work Profiles Timely | ⌚ |
| Ensure Designated Employees File Statements of Economic Interest Timely | ✓ |
| Ensure Employees Complete Conflict of Interest Act Training Timely | ✓ |



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

March 22, 2017

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Robert D. Orrrock, Sr.
Chairman, Joint Legislative Audit
and Review Commission

We are pleased to submit our report on our audit of the **Department of Conservation and Recreation's Corrective Action Status** as of February 3, 2017. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Exit Conference and Report Distribution

We discussed this report with management on March 30, 2017. Management's response to our audit is included in the section titled "Agency Response." We did not audit management's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

GDS/alh

Molly Joseph Ward
Secretary of Natural Resources

Clyde E. Cristman
Director



Rochelle Altholz
*Deputy Director of
Administration and Finance*

David C. Dowling
*Deputy Director of
Soil and Water Conservation
and Dam Safety*

Thomas L. Smith
Deputy Director of Operations

COMMONWEALTH of VIRGINIA
DEPARTMENT OF CONSERVATION AND RECREATION

April 7, 2017

Ms. Martha S. Mavredes, CPA
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218

Dear Ms. Mavredes:

The Department of Conservation and Recreation (DCR) appreciates the time and effort of your staff in the Auditor of Public Accounts (APA) evaluation of our corrective action status, and we concur with the report's conclusions. The agency is proud of the progress already made in satisfying 81 of the original 93 corrective actions, a full 87 percent, and would like to take this opportunity to provide an update on the status of the remaining 12 corrective actions still in-progress.

- 1. Develop Policies and Procedures Defining Payroll Service Bureau Agreement; and**
- 2. Ensure Compliance with the PSB Scope of Services Agreement**

The DCR has developed Commonwealth Integrated Payroll/Personnel System (CIPPS) Policy #222 effective June 30, 2015; however, to fully comply with the PSB Scope of Services Agreement the agency must finalize our reconciliations process.

The DCR feels these two corrective actions are substantially complete, but will require ongoing testing to ensure compliance with the policy.

- 3. Reconcile CARS Accounts Timely; and**
- 4. Discontinue CARS Certifications to Comptroller if the Reconciliation is Incomplete**

The DCR recently filled the General Accountant position responsible for Cardinal reconciliations that ensures all revenue and expenditure transactions are reconciled by each Cost Center manager to the Project Code level on a monthly basis. The agency has also implemented a positive confirmation process whereby the Comptroller will not certify Cardinal to the Commonwealth's Comptroller until she is notified the reconciliations have been verified as complete and accurate to the Project Code level.

The DCR feels these two corrective actions are now complete.

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*State Parks • Soil and Water Conservation • Outdoor Recreation Planning
Natural Heritage • Dam Safety and Floodplain Management • Land Conservation*

5. Transfer Construction in Progress Accounts to Fixed Asset Accounts; and
6. Record Assets Properly in FAACS

The DCR recently filled the Fixed Asset Accountant position responsible for Construction in Progress as well as overall fixed assets within the agency and has already developed a form that is used to break out the cost of each individual asset of a construction project for recording in FAACS.

In addition, the DCR is in the process of developing an internal fixed assets tracking system that will allow the agency to become a summary FAACS reporting agency. Once the new system has been implemented and the DCR Fixed Asset Accounting Policy #207 has been updated to reflect the new processes and procedures for fixed asset management, the agency is extremely confident that these issues will be corrected.

The DCR feels these two corrective actions are substantially complete, but will require ongoing testing to ensure compliance with the policy.

7. Record Sales Tax Collections Properly in the Commonwealth Accounting and Reporting System

The DCR finalized the Collection, Recordation, and Payment of Sales Tax – Policy #224 on June 30, 2015, and has been calculating and submitting sales tax to Taxation on a monthly basis. With the switch to Cardinal, the agency no longer needs to use GLA 547, and is working to reconfigure our revenue deposit process to ensure tax collections are sent to the appropriate Revenue Account for distribution to Taxation. This will streamline the process even further.

The DCR feels this corrective action is complete.

8. Dedicate Necessary Resources to Monitoring Small Purchase Charge Card Program; and
9. Ensure Small Purchase Charge Cards are not Used to Circumvent Procurement Procedures

The DCR Procurement Department has implemented an audit process where a sample of employees' monthly SPCC transaction information is requested and reviewed for things such as split purchases, proper authorization, and Micro business use to ensure the agency is in compliance with CAPP guidelines related to the SPCC program. The goal of the program is to test all SPCC cardholders annually.

In addition, on March 20, 2017 the agency implemented utilization of eVA for the majority of their requisitions. This workflow requires supervisor approval prior to the purchase AND Procurement Department approval. Previously, the DCR financial system did not communicate with eVA in a manner that would allow eVA to be used for all purchases.

The DCR feels these two corrective actions are complete.

10. Correct Procurement Issues Identified by the Department of General Services (DGS)

The DCR had a procurement review by the DGS Division of Procurement Services (DPS) performed in October 2016. Although the final report from that review has not been issued, the DCR was able to get confirmation from DPS that the DCR had substantially corrected its deficiencies from the 2012-2014 DPS review.

The DCR feels this corrective action is substantially complete pending the implementation of any additional recommendations for the upcoming report.

11. Complete Employee Performance Evaluations Timely; and

12. Complete Employee Work Profiles Timely

The DCR is in the process of implementing a SharePoint application that will track the submission of Employee Work Profiles (EWP) by manager allowing the agency to quickly identify who does not have a current EWP on file. This system will be in production for FY18 EWPs. For FY17, the DCR Human Resources Division has verified that 361 of 420, or 86%, Employee Work Profiles have been submitted. The DCR management has established a mandate that all outstanding EWP's must be completed by the end of April.

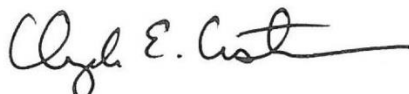
In addition, Human Resources has verified that 406 of 420, or 97%, employee evaluations were returned for FY16. The DCR management has established a mandate that all outstanding evaluations must be completed by the end of April. The agency is working to adequately secure the SharePoint application before it will allow evaluations to be included.

The DCR feels this corrective action is substantially complete, but will require ongoing monitoring as EWP's are required for new hires, promotions, and job reassignments. Also, a new round of evaluations will begin in October of this year.

As indicated above, the DCR feels an additional five (5) corrective actions are effectively satisfied pending any unforeseen issues to the contrary. The additional seven (7) corrective actions should be completed this year provided there be no additional staff turnover or other issues that would preclude their completion.

Finally, I would also like to thank you for the professionalism of your audit staff and the thoroughness of their work.

Sincerely,



Clyde E. Cristman

DEPARTMENT OF CONSERVATION AND RECREATION

(as of February 2017)

Director

Clyde Cristman

Deputy Director of Administration and Finance

Rochelle Altholz

Deputy Director of Operations

Thomas Smith

Deputy Director of Administration and Finance

Rochelle Altholz

Deputy Director of Soil and Water, Dam Safety

David Dowling

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Sharon Partee

Director of Soil and Water Conservation

Darryl Glover

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Jason Bulluck

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Craig Seaver

Director of Planning and Recreation Resources

Danette Poole

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Shannon Johnson

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